

City Council Meeting

APPROVED MINUTES

6.2 Hyland Greens Task Force Final Report

Requested Action: Consider the recommendations provided by the Hyland Greens Task Force and provide initial direction.

Powerpoint presentation given by Community Services Director Diann Kirby and City Planner Liz Heyman regarding the final report from a task force that's been studying the future of Hyland Greens Golf and Learning Center since last October. November 10th marked a major point of discussion for internal charges. The November 10th discussion concluded there were three overarching problems that need to be solved: improving operations, community needs and values, and land use. Three major options for the golf course were presented: golf, park, or development. All were reviewed via powerpoint. Two major recommendations are being made to City Council:

1. Continue to operate Hyland Greens as a golf facility and implement measures immediately in order to improve the bottom line in the 2016 season and beyond.
2. Partially develop the east side of the Hyland Greens' site while maintaining the golf course.

Mayor Winstead said it appears that it was very thorough regarding all that was happening. Asked if there was a minority report, or if the Task Force came out saying this is how it came through. Kirby said that was the case early on but were in agreement early on that these were the recommendations.

Lowman asked if other golf courses are using consultants as well. Kirby said other golf courses do hire consultants to look at their operations. National Golf Firm hired a firm three years ago and was around \$770,000. Talked to a company that said it could cost between \$15,000 – \$50,000.

Lowman asked if the internal changes were something that's ever been done with enterprise fund. Mayor Winstead said internal service budgets are looked at from the City's perspective as a City as a whole. Kicked off based on financial performance, or lack of.

Finance CFO Lori Economy-Schuler said currently all internal service charges use the same process, general fund, enterprise fund. That's fairly similar for other budgets. If we take it out of that budget, it would need to go to others to beef it up, to supplement it. Looked at units, not usage.

Mayor Winstead said one of the things a consultant can do is look at operations and see if it's realistic if it was a standalone entity. Can look at it and say because of the type of operation, allocations are low or high because it's within the City. Every golf course operation has a computer budget.

Lowman asked if their service changes would be essentially the same even if Dwan and Hyland were to combined. Same number of computers, same charge. Mayor Winstead said that's the way it's allocated. A consultant could tell if the bills are high or low if it's a City-run operation.

Baloga said if we had a consultant, would we want to drill them down to our internal service charges. Why not look at utilization instead as the focus. Any mention of allocation is going to give a different result. If we want to keep everything at a fair and equitable position, we'd have to do the same for all departments. Focus on the drivers to it rather than how we allocate costs.

City Manager Verbrugge said that if Council's determination is to subsidize it, subsidize by reallocating. Or direct subsidy process to do that as well,

which would be a cleaner way because we want to maintain integrity of charging system.

Abrams said we're still talking internal charges of Hyland of \$90,000. A 1 hour cursery. A consultant would tell us what the issues are. Asked how the consultant will help us realize.

Oleson said it seems to be a logical response to the problem of getting input from a variety. There is an interest in our population. Have had input from a variety of users, and the need resignates, if it can be done, in a manner to stop some of the bleeding. Looking at this year as an opportunity to analyze with a consultant. National organizations that were quoted in their research, at the very least, we're probably leveling off. Indication that there have been closures, acknowledgement that they've been overfilled. There's a lot of good ideas in this report. Like that it's deisnged to see what can be done. Let's be intential with how we operate the courses. Wondering the timeline and needs to hash this out. Curious to know how we manage consultant input. If a company is hired and they gather data and provide a preliminary report, what do we do with it and is there flexibility.

City Manager Verbrugge asked the firm in Minneapolis, Convergence did review of Brooklyn park golf courses. In terms of accepting the report, they'll have detailed recommenations. Then it would be up to Council to give direction to staff. Am a little reluctant to make commitments to 2016 improvements based on consultant analysis because our own proceses and amount of time that a firm would take to do the study. 2016 might be unrealistic.

Oleson said part of what would the Task Force looked at was fee structures and promotional marketing. In terms of internal charges, I like what Baloga said about other input which supports the idea that it's a can of worms if everyone compares. The cost of doing that and updating from year to year will not work.

Busse said from the last line that says "hire as soon as possible". Thought it would be premature and wrong to say for 2016, we should reduce staffing. We should do some of these things without a professional input. I think hiring a consultant needs to take place. Asked why Tee Master hasn't been used. Good ideas but without real numbers with real experts.

City Manager Verbrugge mentioned an issue with Brooklyn Park cost versus private sector. That's better apples to apples in terms of wage and salary structure. Needs more research to find out about the overhead costs. One of the things he would forecast, if we utilize services of consulant, in private sectors, salaries will be higher. That's one of the areas that we start at a disadvantage from a private or public sector.

Abrams said it is disconcerting that for 2015 the was a goal to sell 15% less than the year before. No side-by-side comparisons. No measure of success. Kirby provided clarification stating when the budgets are prepared at mid-year, we don't know what the year end will look like.

Kirby explained the additional fees that would be incurred with Tee Master. The cost would be around \$2,500. The credit card is in the system at time of reserving.

Abrams said making cuts in staffing is not something she feels comfortable with.

Mayor Winstead said he thinks universal support for consultant. By doing

that, it leads to probably the analysis further and professional view of reviewing staffing cost and will lead us straight down the road. Maybe some can be altered, implemented. Second, I think we have to have recommendation resolved so that we can move to the second portion of it. Need to answer the question of housing needs. Land could be obtained at a pretty reasonable rate. It appears that this all kicks off with a consultant. Then leads to take a recommendation from the consultant.

Baloga agreed, although part of the charge of the consultant is how much land can be carved out, if any. And what that might or might not have for impacts for operations of ongoing course. Forget about what kind of use it's going to be. Look at it from the golf perspective. Additionally we should charge to drill down to figure out if a driving range necessary. Lots of land for a driving range. How does that help, hurt, and support golf operations. Concurrently, we can go and look at separately what options. Land is undervalued. We can look more closely at those. If we serialize them and we get to the point where we underutilize assets for the City that we have to do something with and we don't want to start that a year later.

Lowman said part of the issue with density from recommendation 2 is around transportation. If development is so dense, that might have impact on the road. Winstad said it should be in denser state, could maximize value. All elements will have to be pros and cons. Would like this to come back at the next City Council meeting, to get the process started to hire consultant. Taking it from doing recommendation 1 to starting recommendation 2.

City Manager Verbrugge said Brooklyn Park consultant reports recommended improvements that totaled \$2,000,000. Some of which were forgiveness of debt and reinvest in the golf course. Every bunker was touched in renovation and a significant amount of other course related aesthetic and maintenance issues were done. The consultant will look at what the CIP has.

Abrams said we need to recognize that we have staff considering in engaging in vendor who will require payment. What fund does that come out of, and are we increasing red ink load on golf courses. Want to be respectful of that action. Does it come out of contingency plan. Verbrugge said this should be management or Council strategic review. Involves a little bit of Finance work. Winstad said as long as we know where the money is coming from, I think it's the step to take.

Lowman suggested looking at this process and go through some smaller processes if this is successful, maybe do Task Force to follow up to see if goals were met and follow up.

Mayor Winstead suggested that, moving forward, the Task Force stay in structure as we are being reported to. Ongoing and reports back from consultant. Should be shared with Task Force and with us. There will be a role for them to play in the future.

Baloga said he believes that a consultant will review all golf operations, not just Hyland. It's morphed into looking at the whole golf operation. Added that, in reality, to do this by 2017 budget, will need to have choices made in September or October at the latest.

Mayor Winstead said bring forth what we need to do at hopefully the next City Council meeting to hopefully get a consultant on board and to work on what's been presented. Will keep the Task Force up to speed.

6.3 NE Penn Storm Sewer Improvement Project - Subsidy

Requested Action: Staff recommends subsidy Option 2

City Engineer Shelly Pederson and Sr. Water Resources Manager Bryan Gruidl introduced the project via powerpoint presentation regarding effects of project on storm utility budget

Winstead asked about rates increasing per home. Gruidl explained the costs and rate increases, explaining there was just a 7% jump. Pederson said this includes NE Penn project. Where we just had a 7% increase, there would be another 7% increase. Pederson added that cities in the metro have been in the middle of the pack compared to other cities and would still be in the middle of the road because other cities are increasing too.

Baloga asked about how many other areas within the city where there will be other stormwater problems. Gruidl responded that there are approximately 25 other areas that have flooding issues that range in their effect on public transport. Each one is different, but the common denominator is that they're all the low spots that have been filled in but lack elevation.

Baloga compared the flooding to Resound. Pederson said there was legal ruling that we are not responsible for fixing that because there are ways they can fix this and not have the flooding, should they choose to. City Manager Verbrugge added that piping was looked into too, but piping was more expensive.

Oleson said it's comprehensive of why this must be done. The city has been on top of this for quite a while. We've seen the pictures of Southtown and the swampy areas that used to be there.

Mayor Winstead said this doesn't necessarily fix it, it just makes it a little better. We'll be back here in the next couple years and layer on another increase. Must keep our eyes open with this issue.

Pederson said they've looked at others. There's nothing in the 5 year CIP. Some other places are not the City's responsibility. Some have fixes that have lower magnitudes. Winstead said technically this is not the City's responsibility.

Gruidl explained the estimated project costs from the powerpoint development slides. Process was to take construction costs and storage project and find cost difference of \$1.2 million. By offering the \$1.2 million, can stay within the previously established budget. Explained three options:

1. Should subsidy account for inflation?
2. Decrease subsidy after year 6?
3. Should subsidy have an expiration date set?

Option 2 is the recommended option, which will allow for staying within the previously established budget. By not accounting for inflation, it's providing incentive for starting sooner rather than later. Doesn't overpenalize. Works better to try to establish partnerships with property owners rather than heavy handing. Need to work together to implement this.

Gruidl said there are 77 properties that this would effect. Mn DNR would have to purchase floodage easements. \$7.6 million to put the pipe in, but incremental costs were \$2-3 million. Winstead said that's further mitigated when private properties put in their cisterns.

Gruidl said we're using the current property owners and divvied that out. When the Orange Line comes through, there would be some acquiring of

Kraus Anderson properties, so when the Orange Line Met Transit becomes responsible for the property they own. Gruidl said there is a request for funds and asked for \$1.5 million. Mayor Winstead said there's discussion about fair sharing. Pederson said they're willing to work with us. They have indicated they would like to be a partner.

Oleson mentioned 494 and 35W and the possibility of getting rid of water from that intersection. Pederson said the new interchange design will not go up to Wood Lake. Couldn't get our water to them and we don't want their water coming to us. Gruidl said 25 – 29 acres of impervious service and their plan is to mitigate this at that interchange.

Oleson when owners of these properties have the opportunity to either buy in or not, if some properties decide to do it now, what happens if some of that water would have impacted those that have chosen not to go. Less inclined to invest in the money. How could that dynamic play out. Gruidl said they're looking at amending the surface water plan. We can't dictate when redevelopment can happen, looking at when redevelopment does occur.

Abrams asked about the property owners that are in danger of nonconformity. Pederson said she will research and get back to her with that answer.

Baloga asked what the probability of getting 50% within 5 years. Gruidl said he thinks it is close to 75%. A lot of property owners are eager for redevelopment.

Baloga asked who will not go forward with underground storage, the 25%. Gruidl said Lupient, Southpointe, and estimated Kraus Anderson being out for 10 years or longer as an estimate. Winstead said he can see Lupient being in for the long haul. Not a lot of changes in their business model, but will want to have the problem fixed.

Oleson asked if the Kraus Anderson's land area can do something incrementally. Gruidl said they're not looking to dictate how it gets done. How they choose to meet the numbers is up to them.

Mayor Winstead said they're at 36% so bring the rest on board. Pederson said the next step is to go to the property owners. Would like approval to meet with property owners. Winstead responded that it's a tough sell since it doesn't fix it but just makes it better. Advised them to better package the message.

Oleson mentioned the option of all coming together and turning the land back into a pond to convert some of the land. Gruidl said this has been looked into to mitigate the flooding, but the pond is quite large and there's not enough room for it. If it went deep, it would have to be pumped. It would be a big hole.

Mayor Winstead and Council agreed on option 2, to go out to the public. Pederson said Engineering will make changes to the surface management water plan and will put the meetings in CMI. Abrams said option 2 and the logic put behind it and the cost of inflation all made sense. This is the option that is most prudent, takes into account the value of time.

6.4 2016 Legislative Policy Discussion

Requested Action: Council is asked to review, discuss and provide input on the draft 2016 Legislative Policy.

Port Authority Administrator Schane Rudlang presented the draft 2016 Legislative Policy using Powerpoint presentation. Not included in the packet was that East Bush Lake Road and 494 has been funded. Added that we want to make it clear to MnDOT that 494 needs attention now.

Keel said their mode is for low cost, high benefit projects. This isn't on their radar because they're focusing on smaller projects all over the state. It's no different than the conversation on 169 and 494. Might take a push by the Governor. Baloga said one of the competing items is if they want to accelerate the bridge deck over the Minnesota River programed for 2020, but seeking funding for that as a priority for 2018.

Mayor Winstead requested Rudlang to feel out the situation with Richfield, Burnsville, and Minneapolis since they're affected the same way Bloomington will be affected.

Abrams said have a single page history of when it was that St. Paul cut that deal and suburbs of south. Layer in all the changes for major north/south arteries. There's capacity there and we should be considering the change.

Mayor Winstead said promote trucks going through 35E. Baloga said if we can't get anything else, he'd like to see improved noise abatement on our quarter of 35 because the majority of the real noise comes from the trucks and we're having a disproportionate sharing of that, with no recourse. But we can't use the truck issue alone. Let's have a conversation with Richfield, Burnsville, and Minneapolis.

Oleson said there's a monthly meeting that this can be put on agenda. There tends to be pushback from Dakota County. That group now goes down to Elko/New Market. Any issues on that stretch will have some kind of impact on them. Baloga said sell it as equity and increased mobility. Any truck wanting to go to St. Paul and eastern areas has to go through Minneapolis to do that.

Rudlang continued the Powerpoint presentation discussing the Minnesota River Valley Trail Connections, Active Lobbying, and the Online Lodging Tax.

Mayor Winstead asked what it means to others in the same boat as us. Rudlang said we are by far the biggest entity impacted by this. Because there are two loopholes in the law. It depends on who collects the tax. We collect our own local lodging tax. Loophole said if collected by DOR, must pay Department of Revenue as a whole. Rudlang invited Finance CFO Lori Economy-Scholler to come up and speak further about that.

Economy-Scholler said they've gone through their fee structure and they have internal charges. Their fee structure is heavy. What they give you in return is no promise to audit. Rochester and Richfield are not happy with this.

Abrams said if it's a booking through Orbitz, it's going through Department of Revenue, not us. Rudlang said it's the point of auditing the entities. They don't know and are still confused after audits. Rudlang said backup plan is legislatures change, who knows. Maybe there will be some impact. It's an uphill battle this year.

Rudlang completed Powerpoint presentation on passive lobbying and monitoring, passive protection, and the Metropolitan Council organizational structure issue.

Mayor Winstead said there are two approaches. Not necessary for us as a City to get involved. Not talking about tipping over structure. Only thing both organizations are behind is staggering terms of council members in reasonable fashion and having greater input and insight into elected officials. A lot of people think that's a good idea. Be cautious for what you're asking for. Know the position about what Metro Cities is doing and get behind that bandwagon.

Baloga mentioned a bill for a moratorium for organized collection. Wouldn't know if we would be affected since the ordinance has already been passed. Keel said it would impact communities that haven't formed an OCOC yet, and we have.

Mayor Winstead thinks we need to keep plugging into Metro Cities agenda. Lowman mentioned he started a subcommittee with Metro Alliance for Healthy Families for funding challenges. From a long-term standpoint. As part of that process, they put together a proposal to go to Legislature supporting one of the bills that are out there.

Rudlang said this will come before Council for consideration at the 2/22/16 City Council meeting. Session starts March 8th.

7 ADJOURN

Mayor Winstead adjourned the study meeting at 9:17 pm.

Denise Dargan
Council Secretary